

# **Increasing Cigarette Taxes in Philadelphia: Reducing smoking, improving health, and creating savings & revenue**

*Philadelphia Department of Public Health – May 2013*

## **1. Smoking Cigarettes is Deadly**

- **Each year 2,100 Philadelphians die due to their tobacco use. This is nearly 16% of all deaths in the city.<sup>1</sup> Another 40,000 suffer from illnesses like asthma, COPD, cancer, and heart disease.**
- About half of all smokers in the city will die from an illness caused by tobacco. Smoking kills more Philadelphians than homicide, AIDS, car accidents, diabetes, and illegal drugs *combined*.
- Quitting smoking improves the health of smokers and those exposed to secondhand smoke.

## **2. An Increased Cigarette Tax will Reduce Smoking, especially among Youth**

- Higher cigarette prices keep people from starting to smoke, motivate people to quit smoking, and reduce the number of cigarettes consumed by smokers.
- For every 10% increase in price, there is about a 6% decrease in youth smoking and 3% decrease in young adult smoking.<sup>2</sup>
- **A \$2 per pack tax in Philadelphia—along with continued tobacco control activities—would lead to approximately 40,000 fewer adult smokers<sup>3</sup> and 1,000 – 2,000 fewer youth smokers.**

## **3. Low-income Groups and Minorities Benefit the Most from a Cigarette Tax Increase**

- Cigarette companies argue that cigarette taxes are regressive and unfairly target low-income groups. **The truth is that cigarette companies have a long history of targeting and disproportionately advertising to low-income groups and minorities.**<sup>4,5,6,7,8</sup>
- Low-income smokers stand the most to gain from a cigarette price increase. They are more likely to quit<sup>9</sup> and thereby avoid the medical, financial, and emotional costs of continued smoking.

## **4. A Cigarette Tax Will Benefit the Economy with Minimal Impact on Retailers**

- **A \$2 per pack tax in Philadelphia—along with continued tobacco control activities—would lead to \$48 million in yearly health care savings and \$28 million in yearly productivity gains for area employers within 4 years.**<sup>10</sup>
- Cigarette companies claim that retailers are harmed when cigarette taxes are increased. In fact, jurisdictions actually benefit from higher cigarette taxes, which can result in new jobs created.<sup>11</sup>
- Higher cigarette taxes have no negative effects on the number of convenience stores, which is determined by convenience store profits.<sup>12</sup>
- **People who quit smoking have more disposable income to spend on other goods and services.**<sup>13</sup>

## **5. The Price of Cigarettes in Philadelphia is Lower than in Most Surrounding States**

- **In Pennsylvania, the average price for cigarettes is \$5.85 per pack.** Twenty states have higher average retail prices, including several neighboring states.<sup>14</sup> And over 450 local jurisdictions have imposed cigarette taxes in addition to state taxes.
- **In New York City and Chicago, the price per pack is approximately \$11.00.** New York City has a local tax of \$1.50, and Chicago has a local tax of \$4.68.

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## Sources

- <sup>1</sup> Philadelphia Department of Public Health, *Philadelphia 2010 Vital Statistics Report* (2012).
- <sup>2</sup> U.S. Department of Health and Human Services. *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General*. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2012.
- <sup>3</sup> Adapted from Stehr M. The Effect of Tobacco Control Policies and a City Wide \$2 per Pack Cigarette Tax on Smoking, Health Care Costs, and Productivity in Philadelphia. LeBow College of Business, Drexel University, March 2012.
- <sup>4</sup> Doohee Lee et al., *Tobacco use and low-income African Americans: Policy implications*, 32 *Addictive Behaviors* 332 (2007).
- <sup>5</sup> Robert John, Marshall K. Cheney & M. Raihan Azad, *Point-of-Sale Marketing of Tobacco Products: Taking Advantage of the Socially Disadvantaged?*, 20 *Journal of Health Care for the Poor and Underserved* 489 (2009).
- <sup>6</sup> M. Barton Laws et al., *Tobacco availability and point of sale marketing in demographically contrasting districts of Massachusetts*, 11 *Tobacco Control* ii71 (2002).
- <sup>7</sup> Elizabeth M. Barbeau et al., *Tobacco advertising in communities: associations with race and class*, 40 *Preventive Medicine* 16 (2005).
- <sup>8</sup> Edith D. Balbach et al., *R.J. Reynolds' Targeting of African Americans: 1988–2000*, 93 *American Journal of Public Health* 822 (2003).
- <sup>9</sup> Lois Biener, *Reactions of Adult and Teenaged Smokers to the Massachusetts Tobacco Tax*, 88 *American Journal of Public Health* 1389 (1998).
- <sup>10</sup> Stehr M. The Effect of Tobacco Control Policies and a City Wide \$2 per Pack Cigarette Tax on Smoking, Health Care Costs, and Productivity in Philadelphia. LeBow College of Business, Drexel University, March 2012.
- <sup>11</sup> Campaign for Tobacco-Free Kids, *State Cigarette Tax Increases, Retailers, and Jobs* (April 6, 2011), available at <http://www.tobaccofreekids.org/research/factsheets/pdf/0330.pdf>.
- <sup>12</sup> Jidong Huang & Frank Chaloupka, *The Economic Impact of State Cigarette Taxes and Smoke-free Air Policies on Convenience Stores* (March 2011), available at [http://www.impactteen.org/generalarea\\_PDFs/ITresearch40\\_Huang\\_with\\_exec\\_sum.pdf](http://www.impactteen.org/generalarea_PDFs/ITresearch40_Huang_with_exec_sum.pdf).
- <sup>13</sup> Campaign for Tobacco-Free Kids, *State Cigarette Tax Increases, Retailers, and Jobs* (April 6, 2011), available at <http://www.tobaccofreekids.org/research/factsheets/pdf/0330.pdf>.
- <sup>14</sup> Campaign for Tobacco-Free Kids, *State Excise and Sales Taxes Per Pack of Cigarettes Total Amounts & State Rankings* (December 5, 2012), available at <http://www.tobaccofreekids.org/research/factsheets/pdf/0202.pdf>.